Unlocking Value in Financial Services
Investor Pulse Survey

Top Findings

01 Companies need to clearly articulate valuation upside to a skeptical investor base
87% of institutional investors believe financial services companies are overvalued or fairly valued and only 13% believe financial services firms are undervalued.

**Action Item:** Communicate a compelling growth strategy and a clear path to long-term value creation.

02 Investors want to see deals that are immediately accretive as M&A accelerates
73% of investors expect acquisitions to deliver increased profitability within the first three quarters and 93% say within the first year.

**Action Item:** When considering M&A activity, articulate the timeline to earnings accretion to gain shareholder support.

03 Management teams need to prepare for shareholder activism as they come under increased scrutiny
Most investors expect increased management scrutiny. Roughly three-quarters of investors expect increased shareholder activism over the next 12 months and the same amount are frequently inclined to support activists.

**Action Item:** Assess and address potential vulnerabilities and establish activism defense plans.

04 Business diversification should be a core component of a company’s strategy
Investors identify diversification of revenue streams as the most important investment criteria and geographic and business/product capabilities as the most valuable types of M&A for financial services companies.

**Action Item:** Highlight diversification and efforts to diversify further as a key element of your investment thesis.

05 Investors value balance sheet strength in the current environment
While M&A is an attractive use of capital, investors rank debt paydown as the best use of capital for financial services companies.

**Action Item:** Prioritize balance sheet strength and flexibility over other uses of capital.

Survey respondents included 300 institutional investors in the US, UK, and continental Europe (France, Germany, Switzerland). Fielded from May 2 to May 12, 2023.